

# ■ Cultivating the Seeds of Global Integration

by Grant Aldonas

*Under Secretary of Commerce for International Trade*

In the wake of World War II, Western nations struggled to restore global economic growth and peace. International trade and investment offered a tremendous opportunity to foster both, and the United States sought to implement institutional mechanisms to bring down the wall of isolation. Thus, in the Atlantic Charter, the United States joined with the United Kingdom and pledged “to further the enjoyment by all states, great or small, victor or vanquished, of access, on equal terms, to the trade and to the raw materials of the world which are needed for their economic prosperity.”

The General Agreement on Tariffs and Trade (GATT), and later the World Trade Organization, arose from this lofty pledge, and we have spent the subsequent years celebrating the benefits of these agreements. Studies consistently show that developing countries with outward-oriented economic policies experience higher annual GDP growth than inward-oriented countries, and increased trade openness correlates with an increase in real per capita income. Even a small increase in the developing world’s share of world exports could have a significant impact on their economic prospects, vastly outstripping, but not replacing, all forms of bilateral and multilateral assistance.

In the United States specifically, the results are astounding. International trade has accounted for more than a quarter of our economic growth, and it has created millions of new jobs. In the past decade alone, trade has generated

3 million new jobs, and those jobs pay 13 to 18 percent more than the average national wage. Additionally, trade has increased the standard of living for a family of four by as much as \$2,000 annually through the combined effect of lower consumer prices and higher wages.

Yet despite these successes, we have not fulfilled our pledge in the Atlantic Charter or fully realized the GATT mission. We have not ensured that the seeds of global integration found fertile soil and that the benefits of globalization were broadly shared. Until we begin to address this failure, we will be unable to build an international consensus for trade and the benefits it confers.

## ■ STRATEGY FOR AFRICA

Since taking office, President Bush has outlined an aggressive strategy designed to better integrate sub-Saharan Africa into the world economy. His policy agenda recognizes the enormous challenges that the region faces and takes a multidisciplinary approach to foster economic growth. It clearly reflects the fact that you cannot talk about economic growth without also addressing issues such as AIDS, education, hunger, institutional reform, and regional conflicts. The President’s program attempts to tackle these problems and to provide real resources for effective implementation.

Specifically, President Bush has sought trade agreements that provide African nations with both the access to and advantages of the global economy. Two years ago, the United States implemented the African Growth and Opportunity Act (AGOA). Already

U.S. imports from sub-Saharan Africa have increased 61.5 percent. In 2001, the United States imported \$8.2 billion in goods from sub-Saharan Africa duty-free, which is nearly 40 percent of all U.S. imports from this region. The act also has provided substantial increases in investment in many African nations. For example, investment has increased by \$12.8 million in Kenya and \$78 million in Mauritius.

## ■ IMPROVING INSTITUTIONS AND INFRASTRUCTURE

However, trade is only one component of a solution. In fact, trade generally and AGOA specifically serve as a means to the solution rather than an end in itself. AGOA is a means to a strong relationship between our regions; it is the means to growth and opportunity that will far surpass the benefits of this program; and it is a means to fundamental reforms that not only enable trade but also promote the policies necessary for democracy, good governance, and human rights.

In order to facilitate trade and extend its benefits, a country must get its laws and institutions prepared for future participation in the global economy. Countries must ensure that they have functioning legal systems, with laws to protect basic rights of citizens and companies. They must promote the rule of law and democratic institutions, such as independent judiciaries, reliable regulatory agencies, dependable law enforcement systems, and efficient banking and social services. Additionally, countries must encourage transparent regulatory bodies, a sound tax and pension savings base, fiscal responsibility, privatization, competition, as well as improvements

in infrastructure, education, and health care.

For instance, the lack of sufficient physical infrastructure continues to be a significant obstacle to development and trade in Africa. Recent studies have shown that less than half the people in sub-Saharan Africa have access to safe drinking water. More than a third of Africans lack access to adequate sanitation, and only approximately 5 percent of Africa's rural residents have modern electricity.

#### COMMITMENT TO CHANGE

For nations willing to confront these challenges and enact change, the Bush Administration and Department of Commerce will act as guides and advocates. The Millennium Challenge Account (MCA) is one example of the Administration's work to combat poverty and enhance development throughout the world. The MCA recognizes that economic development assistance is effective only when it is combined with sound policies in developing nations. As such, the funds in these accounts are distributed to nations that demonstrate a commitment to good governance, the health and education of their citizens, and sound economic policies that foster enterprise and entrepreneurship. President Bush has pledged to increase development assistance offered through the MCA by 50 percent over the next three years, resulting in a \$5 billion annual increase.

The Commercial Law Development Program (CLDP) is another program supported by the President to help nations in Africa. The CLDP seeks to improve the legal environment of African nations by providing consultation and training for government officials and private sector representatives to help them identify and make needed improvements in their policies, laws, and organizations. Working with its African partners, the CLDP designs action plans related to legal reform and offers assistance related to drafting



U.S. Secretary of Commerce Donald Evans greets a mother and daughter at Princess Marie Louise Hospital in Accra, Ghana, during a recent business development mission to Ghana and South Africa.

Photo courtesy of U.S. Commercial Service.

laws and regulations, establishing and supporting the implementing body, or increasing public awareness of a law.

Without peace and opportunity in Africa, the international community cannot effectively engage Africa in commerce. As such, President Bush has sought to help end regional conflicts and terror in Africa. He has asked Congress to provide an additional \$55 million in funds to help Africans fight terrorism, appointed former Senator Jack Danforth as a special envoy for peace in Sudan, supported the efforts of regional peacekeepers in Sierra Leone, and encouraged troop demobilization in Angola. The President also committed to providing Africa's children with the advantages of literacy and basic education. The Administration has pledged to double the funding of the African Education Initiative to \$200 million, providing teacher training, new textbooks, and scholarships for African girls.

Most recently, in his State of the Union address, President Bush announced an emergency plan for AIDS relief. On the continent of Africa, nearly 30 million people have the AIDS virus, including

3 million children under the age of 15. There are whole countries where more than one-third of the adult population carries the infection. More than 4 million require immediate drug treatment. Yet across that continent, only 50,000 AIDS victims are receiving the medicine they need. The President's plan will reverse this disturbing trend. It is a five-year, \$15 billion initiative to turn the tide in the global effort to combat the HIV/AIDS pandemic by working with private groups and willing governments to put in place a comprehensive system for diagnosing, preventing, and treating AIDS.

The United States will continue to reach out to countries in Africa that struggle with infrastructure, debt, and bureaucracy. We will help those that labor against poverty, apathy, and even nature. And we will guide nations towards a healthy population, strong economy, and stable government. We do so because it fulfills the GATT mission. We do so because it is in the best interest of all people. And we do so in order to realize a compelling vision for a just and equitable human society. ■